



[BILLING CODE: 6750-01S]

FEDERAL TRADE COMMISSION

[File No. 121 0165]

Solera Holdings, Inc.; Analysis of Proposed Agreement Containing Consent Order to Aid Public Comment

AGENCY: Federal Trade Commission.

ACTION: Proposed Consent Agreement.

SUMMARY: The consent agreement in this matter settles alleged violations of federal law prohibiting unfair or deceptive acts or practices or unfair methods of competition. The attached Analysis to Aid Public Comment describes both the allegations in the draft complaint and the terms of the consent order -- embodied in the consent agreement -- that would settle these allegations.

DATES: Comments must be received on or before August 22, 2013.

ADDRESSES: Interested parties may file a comment at

<https://ftcpublic.commentworks.com/ftc/soleraholdingsconsent> online or on paper, by following the instructions in the Request for Comment part of the **SUPPLEMENTARY**

INFORMATION section below. Write "Solera Holdings, File No. 121 0165" on your comment and file your comment online at <https://ftcpublic.commentworks.com/ftc/soleraholdingsconsent> by following the instructions on the web-based form. If you prefer to file your comment on paper, mail or deliver your comment to the following address: Federal Trade Commission, Office of the Secretary, Room H-113 (Annex D), 600 Pennsylvania Avenue, NW, Washington, DC 20580.

FOR FURTHER INFORMATION CONTACT: Scott Reiter (202-326-2886), FTC, Bureau of Competition, 600 Pennsylvania Avenue, NW, Washington, D.C. 20580.

SUPPLEMENTARY INFORMATION: Pursuant to Section 6(f) of the Federal Trade Commission Act, 15 U.S.C. 46(f), and FTC Rule 2.34, 16 CFR 2.34, notice is hereby given that the above-captioned consent agreement containing a consent order to cease and desist, having been filed with and accepted, subject to final approval, by the Commission, has been placed on the public record for a period of thirty (30) days. The following Analysis to Aid Public Comment describes the terms of the consent agreement, and the allegations in the complaint. An electronic copy of the full text of the consent agreement package can be obtained from the FTC Home Page (for July 22, 2013), on the World Wide Web, at <http://www.ftc.gov/os/actions.shtm>. A paper copy can be obtained from the FTC Public Reference Room, Room 130-H, 600 Pennsylvania Avenue, NW, Washington, D.C. 20580, either in person or by calling (202) 326-2222.

You can file a comment online or on paper. For the Commission to consider your comment, we must receive it on or before August 22, 2013. Write "Solera Holdings, File No. 121 0165" on your comment. Your comment – including your name and your state – will be placed on the public record of this proceeding, including, to the extent practicable, on the public Commission Website, at <http://www.ftc.gov/os/publiccomments.shtm>. As a matter of discretion, the Commission tries to remove individuals' home contact information from comments before placing them on the Commission Website.

Because your comment will be made public, you are solely responsible for making sure that your comment does not include any sensitive personal information, like anyone's Social Security number, date of birth, driver's license number or other state identification number or

foreign country equivalent, passport number, financial account number, or credit or debit card number. You are also solely responsible for making sure that your comment does not include any sensitive health information, like medical records or other individually identifiable health information. In addition, do not include any “[t]rade secret or any commercial or financial information which . . . is privileged or confidential,” as discussed in Section 6(f) of the FTC Act, 15 U.S.C. 46(f), and FTC Rule 4.10(a)(2), 16 CFR 4.10(a)(2). In particular, do not include competitively sensitive information such as costs, sales statistics, inventories, formulas, patterns, devices, manufacturing processes, or customer names.

If you want the Commission to give your comment confidential treatment, you must file it in paper form, with a request for confidential treatment, and you have to follow the procedure explained in FTC Rule 4.9(c), 16 CFR 4.9(c).¹ Your comment will be kept confidential only if the FTC General Counsel, in his or her sole discretion, grants your request in accordance with the law and the public interest.

Postal mail addressed to the Commission is subject to delay due to heightened security screening. As a result, we encourage you to submit your comments online. To make sure that the Commission considers your online comment, you must file it at <https://ftcpublic.commentworks.com/ftc/soleraholdingsconsent> by following the instructions on the web-based form. If this Notice appears at <http://www.regulations.gov/#!home>, you also may file a comment through that website.

If you file your comment on paper, write “Solera Holdings, File No. 121 0165” on your

¹ In particular, the written request for confidential treatment that accompanies the comment must include the factual and legal basis for the request, and must identify the specific portions of the comment to be withheld from the public record. *See* FTC Rule 4.9(c), 16 CFR 4.9(c).

comment and on the envelope, and mail or deliver it to the following address: Federal Trade Commission, Office of the Secretary, Room H-113 (Annex D), 600 Pennsylvania Avenue, NW, Washington, DC 20580. If possible, submit your paper comment to the Commission by courier or overnight service.

Visit the Commission Website at <http://www.ftc.gov> to read this Notice and the news release describing it. The FTC Act and other laws that the Commission administers permit the collection of public comments to consider and use in this proceeding as appropriate. The Commission will consider all timely and responsive public comments that it receives on or before August 22, 2013. You can find more information, including routine uses permitted by the Privacy Act, in the Commission's privacy policy, at <http://www.ftc.gov/ftc/privacy.htm>.

Analysis of Agreement Containing Consent Order to Aid Public Comment

I. Introduction

The Federal Trade Commission ("Commission") has accepted, subject to final approval, an Agreement Containing Consent Order ("Consent Agreement") with Solera Holdings, Inc. ("Solera"), which is designed to remedy the anticompetitive effects of its consummated acquisition of Actual Systems of America, Inc. ("Actual Systems"). Under the terms of the Consent Agreement, Solera is required to divest assets related to Actual Systems' United States and Canadian yard management system ("YMS") business to ASA Holdings, Inc. ("ASA Holdings").

The proposed Consent Agreement requires Solera to provide ASA Holdings with assets related to Actual Systems' United States and Canadian YMS business. The assets include contracts and licenses with current Actual Systems customers in the United States and Canada, and co-ownership of all intellectual property related to Actual Systems products sold in the

United States and Canada. This Consent Agreement would preserve the competition that was eliminated through the acquisition.

The proposed Consent Agreement has been placed on the public record for thirty days, and comments from interested persons have been requested. Comments received during this period will become part of the public record. After thirty days, the Commission will again review the proposed Consent Agreement and the comments received, and will decide whether it should withdraw from the proposed Consent Agreement, modify it, or make final the accompanying Decision and Order.

Pursuant to a Stock Purchase Agreement dated May 29, 2012, Solera acquired all of the stock of Actual Systems. Through a separate Stock Purchase Agreement and Asset Purchase Agreement executed that same day, Solera acquired 100% of the stock of Actual Systems U.K., Ltd. (“ASUK”) and Beech Systems, Ltd. (“Beech”). Solera paid approximately \$8.7 million collectively for the three companies, which shared common ownership.

Solera, through its wholly-owned subsidiary Hollander, Inc. (“Hollander”), and Actual Systems both provide YMS to the automotive recycling industry. In particular, at the time of the acquisition, Hollander and Actual Systems were two of only three meaningful providers of YMS in the United States and Canada. The Commission’s Complaint alleges that the consummated acquisition violated Section 7 of the Clayton Act, as amended, 15 U.S.C. 18, and Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. 45, in the market for YMS. The proposed Consent Agreement remedies the alleged violations by replacing the lost competition in the relevant market that resulted from the acquisition.

II. The Product and Structure of the Market

The relevant product market in which to analyze the competitive effects of the

acquisition is YMS. The relevant geographic market in which to analyze the competitive effects of the acquisition is the United States and Canada. Hollander and Actual Systems are closest competitors in this market and are two of only three competitively meaningful YMS providers.

III. Effects of the Acquisition

The acquisition is likely to result in significant anticompetitive harm in the highly-concentrated YMS market. Solera and Actual Systems were two of only three significant competitors in this market. The acquisition has eliminated actual, direct, and substantial competition between Solera and Actual Systems, and likely will result in higher prices and reduced innovation for YMS.

IV. Entry

Entry or repositioning is not likely to avert the anticompetitive impact of Solera's acquisition of Actual Systems. The time and cost required to develop a YMS are substantial, and far outweigh the potential profit incentives for either new entrants or firms operating in adjacent markets. In addition, it would be difficult for a new entrant to obtain a license to the Hollander Interchange, an auto parts database required to compete in the YMS market.

V. The Proposed Consent Agreement

The proposed Consent Agreement remedies the competitive concerns raised by the transaction by requiring Solera to divest assets related to Actual Systems' United States and Canadian business to ASA Holdings. This divestiture preserves competition that was eliminated as a result of the acquisition.

ASA Holdings is comprised of individuals with extensive experience with Actual Systems and the YMS market. The main principal of ASA Holdings is Peter Riddle. Mr. Riddle

founded ASUK in 1985, developed the base YMS software program that would become Actual Systems' YMS, and formed Actual Systems in the United States. The other members of ASA Holdings are Emilio Fontana and Peter Bishop. Mr. Fontana was involved with Actual Systems since the mid-1990s, including serving as a member of its Board of Directors. Mr. Bishop worked for Actual Systems for over 10 years, including serving as its General Manager and Director from 2004 until its acquisition by Solera. The terms required by the proposed Consent Agreement will enable ASA Holdings to effectively replace the competition in the YMS market lost as a result of the acquisition.

The proposed Consent Agreement also contains several provisions designed to ensure that the divestiture is successful. For instance, Solera must provide ASA Holdings with a license to the Hollander Interchange lasting the length of the proposed Consent Agreement.

If the Commission determines that ASA Holdings is not an acceptable acquirer of the assets to be divested, or that the manner of the divestiture is not acceptable, Solera must rescind the divestiture and divest the assets within 120 days of the date the Order becomes final to another Commission-approved acquirer. If Solera fails to divest the assets within the 120 days, the Commission may appoint a trustee to divest the relevant assets.

The purpose of this analysis is to facilitate public comment on the proposed Consent Agreement, and it is not intended to constitute an official interpretation of the proposed Consent Agreement or to modify its terms in any way.

By direction of the Commission.

Donald S. Clark
Secretary.

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